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# DENISON

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Denison Mines Limited  
Annual Report 1976

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# Denison Mines Limited Annual Report 1976

JAN 5 1977

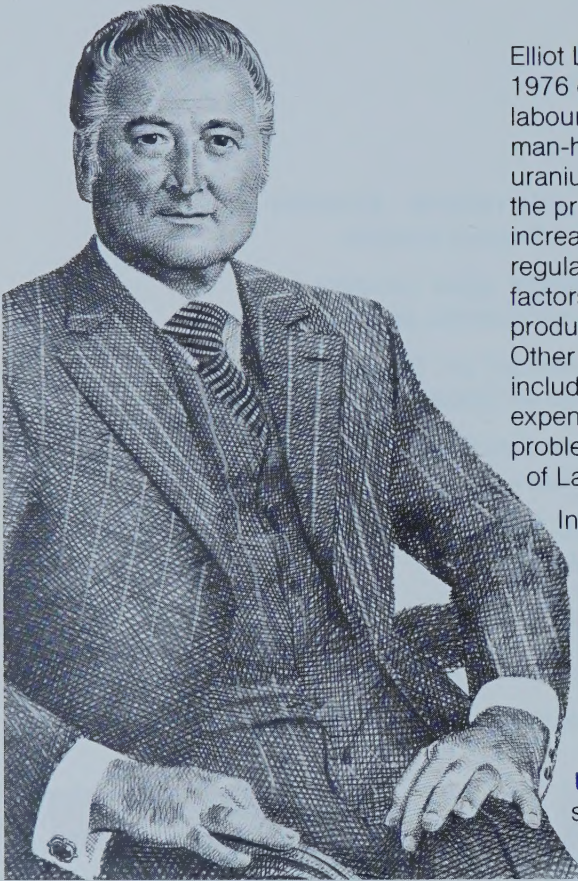
## Highlights

- ☐ Oil and gas interests purchased in several international locations including the Prinos field in the Aegean Sea, off-shore Greece.
- ☐ Preliminary letter of intent received from Japanese steel industry to purchase 5 million tons of coal per annum from Quintette project.
- ☐ Major exploration and feasibility studies commenced on Saxon coal property — Ruhrkohle Group to purchase an interest.
- ☐ Production test to commence in early 1977 on Casablanca well in Mediterranean Sea, off-shore Spain.
- ☐ World uranium prices continue to increase and Denison accelerates uranium exploration activities.

Sales	Earnings per Share	Dividends per Share	Capital Expenditures
\$160,058,677 76	\$3.29 76	\$2.00 76	\$52,296,443 76
\$139,855,498 75	\$5.80 75	\$1.85 75	\$26,361,343 75
\$82,216,435 74	\$2.78 74	\$1.40 74	\$12,458,419 74

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Stephen B. Roman

On behalf of the Board of Directors, we are pleased to submit the Annual Report for the year ended December 31, 1976.

**Financial** — Consolidated net earnings were \$15,043,214, equal to \$3.29 per share, a decrease of 43% from consolidated net earnings of \$26,517,784, equal to \$5.80 per share for the year ended December 31, 1975.

Total sales at \$160,058,677 were up from \$139,855,498 in 1975, as a result of higher uranium and cement sales.

The substantially lower level of earnings resulted from several major contributing factors. Uranium production costs at

Elliot Lake increased significantly in 1976 over 1975 because of severe labour problems with resultant lower man-hour productivity. Also scheduled uranium deliveries were lower than in the preceding year. In addition, increasingly stringent environmental regulations and other inflationary factors had an adverse impact on productivity and production costs. Other factors in the earnings decline included higher oil exploration expenditures and costly start-up problems in the new cement kiln system of Lake Ontario Cement.

In 1975, a large quantity of uranium was shipped from stockpile and resulted in net earnings more than double 1974 levels. While 1976 earnings represent the first decline in five years, they are the third highest in the Company's history.

**Uranium** — In the context of strong worldwide demand for uranium, Denison's future is firmly based on the Elliot Lake mine and uranium producing facilities — one of the world's largest known sources of this energy resource.

Canadian government policy seeks to assure long-term Canadian uranium requirements and your Company has been working towards this objective. Negotiations have been underway for a long period of time for uranium sales in the Canadian market. It is becoming imperative that Canadian utilities make the necessary commitments so that orderly expansion of uranium supplies can be undertaken.

In order to build the Company's uranium business beyond this base at Elliot Lake, exploration programs are concentrated on discovering new uranium deposits. Denison now holds extensive prospects in Canada and the United States. The uranium exploration budget for 1977 is the largest in the Company's history.

In December, 1976 the Canadian government announced that, despite several time extensions, it had not been able to complete nuclear safeguards agreements with a number of Canada's principal foreign uranium customers, including countries of the European Economic Community and Japan. Export permits for 1977 for uranium and other nuclear materials will not be issued for these countries pending satisfactory progress towards safeguards agreements. Japan, your Company's principal market, already has ratified the Non-Proliferation Treaty but a safeguards agreement has not been concluded. The Company is assured that every effort is being made by the Canadian government to conclude arrangements as quickly as possible and it is hoped that agreements with Japan and the other countries concerned will be concluded soon. The Company is not expected to be adversely affected.

**Oil and Gas** — The most dramatic developments in your Company's increasingly international activities have been occurring in the oil and gas division. Most important for future growth is the acquisition of North Aegean Sea interests from Oceanic Exploration Company of Denver. These interests include an oil and gas discovery, known as the Prinos field, currently being delineated for development and production. In addition, a production test to commence early in 1977 and future drilling planned for off-shore Spain will provide information to establish the commercial viability of the Casablanca discovery.

A large base of exploration concessions has been established on a broadly spread geographic basis. Meanwhile in Canada higher prices continue to result in modest improvement in revenue although production is declining because of government export restrictions.

**Coal** — The Coal division will soon complete detailed development and economic feasibility studies to establish the availability of long-term supplies of metallurgical coal suitable for the world steel industry from our British Columbia properties.

Our studies indicate a continuing pattern of rising demand for metallurgical coal, in spite of the current pause in steel industry activity. Following discussions with potential customers in Japan, a preliminary letter of intent has been received. Meetings have also been held with the government of British Columbia which is actively encouraging development of coal resources in northeastern B.C.

**Cement** — Lake Ontario Cement encountered mechanical problems in the new equipment in the Picton cement plant and, despite higher sales, profits were reduced.

**Outlook** — Denison Mines is in the midst of major programs with the objective of building a base of additional resources for future growth. Over the past three years the annual level of capital expenditures has more than tripled. Some \$90 million of capital investment during that period has accomplished expansion of uranium production capability at Elliot Lake, the doubling of Lake Ontario Cement Company's capacity to produce clinker for cement production and the purchase of a 68.75% interest in the Prinos oil and gas field located in the Aegean Sea off-shore Greece. In addition, accelerating development of two major metallurgical coal properties in British Columbia has been achieved and your Company has obtained interests in large oil and gas exploration licenses in various parts of the world.

All this activity has required a substantial investment, not only in capital, but in expertise, time and effort. Shareholders can be proud of the dedication of our personnel in bringing these various projects to fruition. This long-term planning and diversification is

further evidence of your Company's continued progress. We are confident that, in the coming years, these achievements will provide your Company with an increasingly broad economic base, with consequently higher profits and dividends, as well as greatly increased employment opportunities for many Canadians.

Our major thrust is directed to the finding and development of energy resources on a world-wide basis. Your Company is in a position to expand further in the uranium business and to undertake the major development stages leading to production from new projects in coal and oil and gas.

Your Directors are concerned that Canada has entered into a period of political and economic uncertainty. While this type of atmosphere prevails, the business and investment climate will be unsettled. Compounding this unsatisfactory situation is the fact that friction, ferment, indecision and a failure to assume the responsibilities of leadership are characteristic of Canadian political life these days.

Notwithstanding our present day concerns, the policy of your Company is to aggressively pursue attractive growth opportunities based on our confidence that sounder judgment will prevail in the long run and that the opportunity to achieve and grow will again be available to all in Canadian society. For this reason, we have concentrated our efforts and financial resources on creating energy assets of a size and international diversity which will permit growth projects to be undertaken now and in the future.

The year 1976 has been a particularly active period for everyone associated with your Company. This report describes the numerous and diverse programs and projects carried on during the year. We express our sincere



John Kostuik

appreciation to all employees of the Company for their dedicated effort and to our shareholders for their continued support.

On Behalf of the Board of Directors

A stylized, handwritten signature in blue ink, belonging to Stephen B. Roman.

Stephen B. Roman,  
Chairman and  
Chief Executive  
Officer.

A stylized, handwritten signature in blue ink, belonging to John Kostuik.

John Kostuik,  
President and Chief  
Operating Officer.

Toronto, Canada  
January 14, 1977



No. 2 shaft with crushing and grinding facilities at the Denison uranium mine

At the Denison uranium mine at Elliot Lake, progress continued to be made in the major programs undertaken to assure that commitments to customers are met.

As shareholders know, Denison has contracts for the sale of uranium sufficient to assure production at Elliot Lake until 1994. This is an unusually large sales base for any business and reflects the desires of electric utilities to obtain assured supplies of uranium for their nuclear-based generating plants. The Denison mine is recognized as one of the world's leading sources of uranium.

Expansion to a mill capacity of 7,100 tons per day, long-term studies and engineering plans, efforts to build a larger and better-trained labour force, development of housing at Elliot Lake — these are part of the many programs planned by your Company to maintain a dependable source of uranium.

A major expansion has recently been completed. Existing commitments amount to some 77,000,000 pounds of uranium oxide. Planning for further long-term expansion continues so that necessary development and construction can be carried forward rapidly, as soon as additional contracts are concluded. This long-term engineering plan is based on fullest possible development of the known ore areas which can support well into the next century a level of production of uranium oxide at least 50% greater than the present facilities.

**Production** — Production of uranium oxide increased by 6.9% to 3,112,000 pounds, the third successive year of rising output. Deliveries were made from production and from stockpile. The rare earth circuit produced 58,000 pounds of yttrium oxide.

Denison Mines has produced over 75 million pounds of uranium oxide since production started in 1957. Over 29 million tons of ore have been treated.

**Milling** — Tonnage milled increased by 13.6% to 1,522,000 tons in 1976. Grade milled at 2.16 pounds per ton compares with 2.30 pounds per ton in 1975. On several occasions during 1976 the plant achieved the planned 7,100 tons per day capability. Currently, the mill is averaging 6,000 tons of ore daily, well ahead of the 3,817 tons per day average of 1975.

**Mining** — Introduction of larger equipment, construction of conveyorways and manpower training programs are among steps being taken to increase mine capacity. Production schedules are designed for a buildup through mid-1977 to mining 10,000 tons daily on the basis of a five-day week to supply the milling plant at its rated capacity of 7,100 tons per day.

A new conveyor system should be completed during the first half of 1977 providing access to 8 million tons of ore. A project of importance for any further expansion is rehabilitation of the No. 1 Shaft with hydraulic backfill to be introduced, facilitating extraction of higher grade pillars. Access will be provided for future mining of upper reefs. Higher-grade pillars will help maintain average grades when lower-grade material is being extracted from primary areas.

**Environmental Protection** — Mine ventilation continues to be improved. Air underground is now completely changed about every 25 minutes. Air capacity will be increased further to allow for expanded production. Improved personal protection devices and equipment ensure the mine meets regulatory standards. Specialists are assisting in environmental control and impact studies on the mine property and the watershed area.

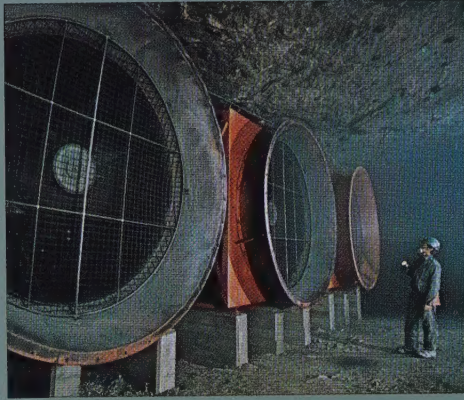
### **Community and Labour**

**Relations** — The major single constraint on Elliot Lake operations is a continuing shortage of skilled manpower, a problem common in the mining industry. The Company continues to seek suitable employees both in Canada and overseas, is conducting diesel and industrial mechanic courses and is providing subsidized housing. The total number of employees of Denison at Elliot Lake increased by 200 to 1,236.

Although collective agreements were reached with all of Denison's bargaining units, operations were interrupted at the uranium mine for eleven days in April by a strike protesting a wage rollback decision by the federal Anti-Inflation Board. At year-end, A.I.B. decisions were pending on several agreements.

**Production Costs** — During 1976 unit production costs increased considerably. The principal reason for this cost increase was low man-hour productivity, caused by high turnover and the shortage of skilled employees, particularly miners and tradesmen. Other significant factors included:

- (a) escalating costs of materials and services at the mine,
- (b) higher wages as the result of labour contract renewals,
- (c) more stringent environmental and ventilation controls,
- (d) continued compensation of underground production employees transferred to surface operations,
- (e) increased costs of subsidized housing,
- (f) increased training and recruitment programs, and
- (g) the effects of the A.I.B. protest strike.



Above, left: Aerial view of part of the town of Elliot Lake

Above, right: Large ventilation fans for underground air supply

Centre: Roman Island air-raise construction, with mine in background

Bottom: Scooptram drivers wearing powered respirators

Higher prices resulted in increased revenue from oil and gas despite a reduction in production of oil because of export restrictions.

Daily output at 4,677 barrels compares with 5,319 barrels in 1975. Natural gas production at 5,995 MCF daily in 1975 compares with 5,739 MCF daily in 1976.

Prices of oil and natural gas continued to increase as planned by governments. Effective royalties paid to those governments also increased.

Development of gas production facilities should result in increased production and revenue from Alberta holdings.

Denison Mines has been developing exploration opportunities outside Canada over the past several years. In 1975, a discovery of oil was made in an area in the Mediterranean Sea off the coast of Spain in which the Company has an interest. In 1976, the Company acquired substantial interests in an area off the coast of Greece in the Northern Aegean Sea, known to contain an oil discovery. These projects are being pursued aggressively.

**Spain — Mediterranean Sea** — A temporary production platform is to be installed at the discovery well, Casablanca No. 1, with production testing to start early in 1977. Information from this test together with further drilling is required to establish the commercial viability of the field and to provide the necessary technical data needed for development.

The Spanish government has taken a 40% participation in the five Casablanca blocks, as provided for in the permit agreement, and Denison's interest is now 15%.

A follow-up well three kilometres northeast of the discovery well was

successful and was tested at rates of up to 9,735 barrels daily. The discovery well recovered high quality oil at rates exceeding 13,000 barrels daily. Further drilling is being carried out to delineate the field and select a site for a production platform.

Detailed seismic surveys were carried out over four additional permits awarded by the Spanish government. Denison holds a 10% interest in these permits and drilling is planned for 1977.

**Greece — Aegean Sea** — Denison, under an agreement with Oceanic Exploration, acquired a 68¾% interest in an oil and gas license in the North Aegean Sea, where gas and oil were found in 1974. Three wells have found oil and work continues to delineate the extent of the Prinos field. In addition, an exploratory well, Ammodhis No. 1, was drilled on a structure separate from Prinos and was abandoned after experiencing mechanical difficulties which prevented conclusive testing of hydrocarbon shows encountered. Prinos #5 is currently being drilled on the eastern boundary of the Prinos field.

**Other** — Denison also acquired from Oceanic a 15% interest in an exploration license in the British sector of the North Sea, 49.5% to 55% interests in three exploration licenses onshore and offshore in the Cameroon where a seismic survey was carried out and a 25% interest in a group of exploration licenses off the Pacific coast of Nicaragua.

In the U.K. North Sea, the West German firm Deminex will farm in to drill a well at their expense on the 16/13 Block starting early in 1977 thus reducing Denison's interest to 10%. Denison is seeking partners for further work on the Cameroon and Nicaraguan licenses.

**Canada — Alberta** — With successful completion of development wells and expansion of processing facilities, natural gas production is expected to

increase. At Cessford, thirteen gas development wells were drilled and a gathering system and compressor station installed. This field accounts for sales of approximately three million cubic feet daily from Denison's 50% interest.

Other natural gas developments included expansion of the existing gas conservation facility at Edson with a second plant under construction. At Niton, a gas development well was completed and construction was started on a plant. A multi-zone gas well was drilled at Killam. Denison participated in two wells which established a small gas reserve at Del Bonita where the Company acquired interests in 150,000 acres. Gas wells were completed at Kinakin and Judy Creek.

In oil drilling, two development wells are being completed at Virginia Hills; a well was completed at Freeman; and at Judy Creek, a Viking oil well was placed in production.

**United Kingdom — North Sea** — Denison has a 3.5% interest in Block 3/7 some 90 miles east of the Shetland Islands. The first two wells drilled were successful in encountering oil-bearing Jurassic sands and were each tested at rates of up to 3,100 barrels of oil daily. This rate of flow is not considered economic at the present time in the water depths involved. A seismic program was also carried out on this area.

**United States** — Denison Mines continues to work towards expanded interests and activities in the U.S. oil and gas industry. This is a long-term program. As well as undertaking drilling participations, the Company currently is participating in groups organized to study and evaluate major offshore projects.



Left: Drill ship  
"Wodeco III" with  
supply ship in North  
Aegean Sea

Below, left: Drilling  
platform "Bideford  
Dolphin" off Spanish  
Mediterranean coast



Above, right: Diver enters  
diving bell prior to sea floor  
assembly inspection

Above, far right: Drill pipe and  
casing stored on deck of  
drill ship

Below, right: Point of  
entry of drill string into  
the sea below drill ship

Below, far right: Heavy  
crane on deck of drill ship  
for moving drilling  
equipment





Geologists at work on the Quintette coal property

The pace of development is accelerating rapidly on two major British Columbia metallurgical coal properties held by Denison Mines — Quintette and Saxon — which contain combined potential reserves of over three billion tons. The Quintette project is the more advanced in planning with a decision on production possible in 1977 aiming at a planned capacity of 5 million tons annually.

The world steel industry continues to search for long-term secure sources of supply of metallurgical coal. Studies commissioned by Denison to examine the trend of the market in this essential raw material indicate a continuing pattern of increasing demand.

The British Columbia government is actively encouraging the development of coal resources in northeastern British Columbia. In November, a British Columbia government mission to Tokyo advised representatives of the Japanese steel industry and the Japanese government that British Columbia is considering the provision of basic infrastructure in order to permit development of the northeast British Columbia coal resources to proceed, provided adequate market guarantees can be received.

In return, the mission was assured by the Japanese of support for the development of the northeastern area, provided that a stable supply of coal could be obtained, competitive on a world market basis.

A further development of significance to the Western Canadian coal industry was the commitment by Ontario Hydro to purchase substantial tonnages of thermal coal from Alberta and British Columbia sources, for use in power generating facilities in Ontario. This developing market is of interest to Denison because of its substantial holdings of thermal coal in Alberta.

### British Columbia

**Quintette** — The Quintette property is located in northeastern British

Columbia, approximately 60 air miles southwest of the town of Dawson Creek. Potential mineable reserves are estimated to total 2.8 billion tons of metallurgical coal in place.

The final feasibility study will be completed early in 1977 with the objective of coming to a production decision in that year. The detailed 1976 exploration program confirmed the presence of 130 million tons of surface-mineable coal. Reserves planned for underground hydraulic mining total 170 million tons. These proven reserves are ample for any foreseeable long-term sales contract.

During 1976, Mitsui Mining Co. Ltd. and Tokyo Boeki Ltd. agreed to acquire the 36.75% interest in Quintette Coal Ltd. held by Alco Standard Corp. In December, a letter of intent was received from Imperial Oil Limited providing for the acquisition by Imperial of a 16.75% interest in Quintette. If these transactions are completed, the shareholdings in Quintette will be: Denison — 38.25%; Imperial Oil — 16.75%; Tokyo Boeki and Mitsui Mining — 45.00%. Denison is manager of the project.

In August a letter of intent was received from the Japanese steel industry undertaking to negotiate the purchase of 5 million tons of coal per year from the Quintette project provided that satisfactory conditions can be met with regard to quality, continuity of supply and price.

**Saxon** — The Saxon property is located in northeastern British Columbia approximately 90 air miles south of Dawson Creek. Potential mineable reserves are estimated to total 500 million tons of metallurgical coal in place.

In April 1976, an agreement was reached between Denison Mines and the Ruhrkohle Group under which Denison Mines is to carry out a two year, \$5,000,000 program of exploration and feasibility studies on the Saxon property. The Ruhrkohle

Group consists of Ruhrkohle A.G., Mitsui & Co. Ltd., and a major French steel producer. The Ruhrkohle Group may acquire up to a 50% interest in Saxon Coal Ltd. The first phase of the two year program, consisting of field exploration and a preliminary feasibility study, was completed in 1976 at a cost of \$2,000,000. The second phase of the program is planned to be carried out during 1977. Denison is manager of the project. The 1976 exploration program confirmed the presence of sufficient reserves to support a 20 year operation at a production level of at least 4 million tons per year. Production would be from a combination of conventional surface methods and underground hydraulic mining.

**Belcourt** — The Belcourt property lies between the Saxon and Quintette holdings. Potential mineable reserves are conservatively estimated at 300 million tons of metallurgical coal in place. A minimum exploration program carried out in 1976 confirmed that a significant portion of the reserves can be mined by surface methods.

### Alberta

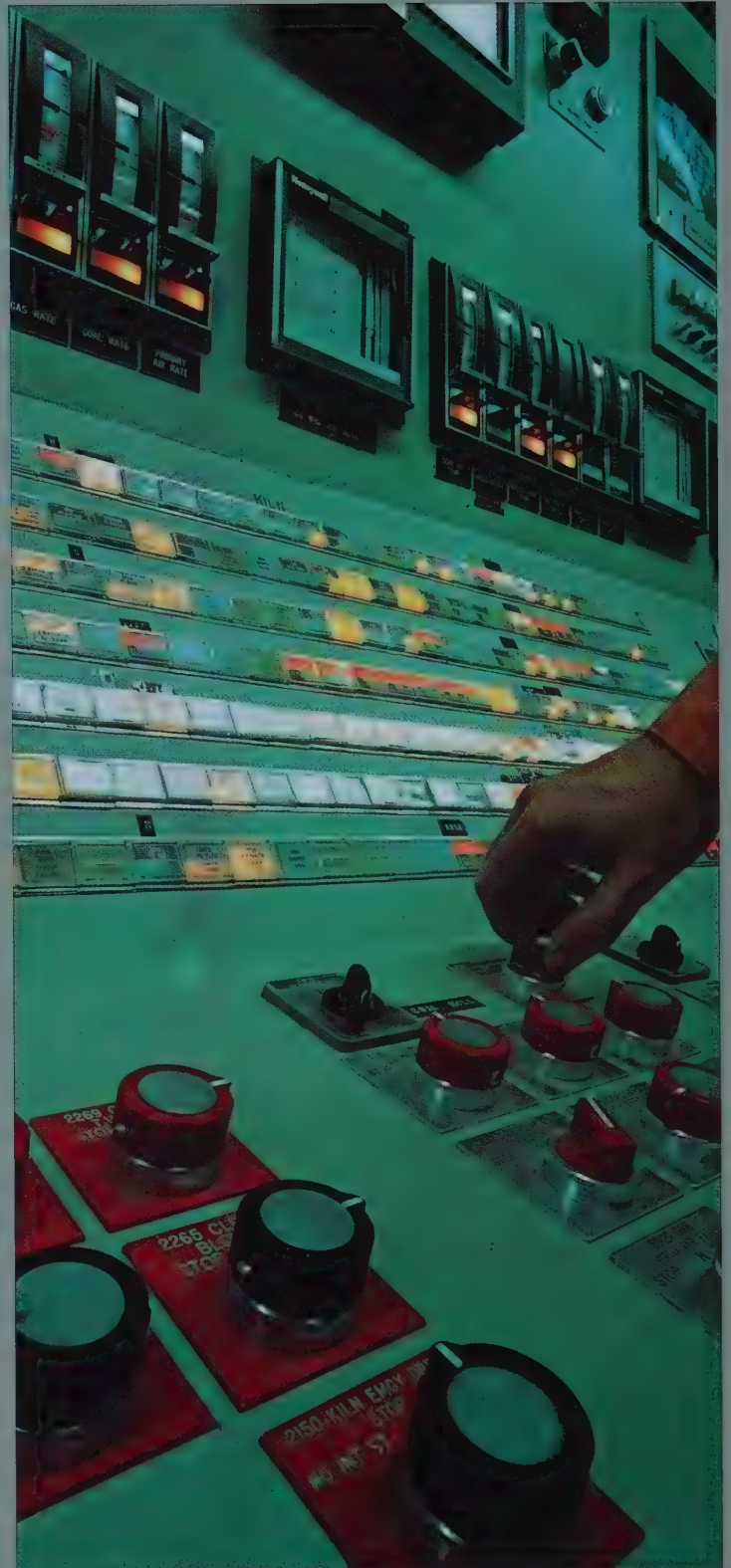
The Alberta government coal policy, effective July 1, 1976, is generally discouraging to the coal industry, particularly as it relates to development of new metallurgical coal properties.

The new policy placed Denison's Rock Lake property and part of the Wildhay property in a land category which does not permit either exploration or development.

The Coalspur property is in a land category in which development may be permitted, at the discretion of the government. This property has potential as a source of thermal coal for the developing Ontario market but to be economic would require availability of suitable transportation rates.



The new kiln and preheater tower at Lake Ontario Cement's Picton plant



Control panel for the new kiln system

### Lake Ontario Cement Limited

In 1976, sales by this company, a 54% owned subsidiary of Denison Mines Limited, reached record levels but substantial extraordinary costs and losses occasioned by the mechanical failure of certain units of new production equipment at the Picton cement plant, coupled with a number of other negative factors, contributed to sharply reduced earnings.

**Earnings** — Consolidated net earnings for the year 1976 were \$1,484,745 (34.5¢ per share), a decrease of 55% from the 1975 level of earnings which were \$3,324,809 (77.3¢ per share). Consolidated sales totalled \$54,845,051, up 31% from the 1975 level of \$41,832,857, with the increase in sales reflecting the commencement of deliveries of clinker under a long-term export contract and the inclusion for the first time of the sales of Primeau Argo Block Co. Limited.

**Operations** — The volume of shipments in 1976 of certain of Lake Ontario Cement's products — cement, concrete block and sand and gravel — was down slightly from the levels achieved in 1975. A major portion of the increased sales over the previous year consisted of shipments under a long-term contract for the supply of clinker to the Essexville plant of Martin Marietta Corporation in the State of Michigan.

The major expansion of the Picton cement plant, including the installation of the new fuel-efficient preheater kiln, was completed at the end of 1975.

While Lake Ontario Cement anticipated major benefits from this equipment in 1976, mechanical failures of certain pieces of equipment occurred during the year. These failures, unfortunately, occurred at times when the scheduled maximum production level was needed to meet total cement customer demand and export clinker shipments.

Accordingly, Lake Ontario Cement

has lost sales and was required to continue to run its older and higher cost facilities and, in addition, to incur substantial expenditures in order to minimize the resultant shortfall in production. Lake Ontario Cement is filing a substantial claim for these extra costs and losses incurred.

The Concrete Products Division was severely affected by a price war in the ready-mixed concrete markets, particularly in the Toronto/Hamilton metropolitan regions, with selling prices being at levels below those justified by the increased costs that have been incurred over the last year.

In January of 1976, Lake Ontario Cement acquired an additional 22½% of the outstanding shares of Primeau Argo Block Co. Limited, a company in which Lake Ontario Cement had previously owned 50% of the shares. As a consequence, the financial results of this partially owned subsidiary have been consolidated in 1976 with those of Lake Ontario Cement. Primeau Argo is a major manufacturer of concrete blocks in the Metropolitan Toronto region.

**Capital Expenditures** — In 1976, Lake Ontario Cement spent \$2,324,672 on property, plant and equipment, compared with \$15,434,442 in 1975. The principal expenditures during 1976 related to the completion of the expansion program at Picton. The Concrete Products Division spent \$478,427 in 1976 on new plant and equipment, compared to \$1,392,616 in 1975.

**Outlook** — The management of Lake Ontario Cement views with concern the present economic situation in Canada, in particular the problems associated with the Anti-Inflation Board and the dampening effect these regulations are having on the potential growth in the construction activities of the country. In addition, this company's market is being affected as the north-eastern part of the U.S. is not enjoying the recovery from the recession that was anticipated.

Accordingly, while the year 1977 is viewed with caution, Lake Ontario Cement expects the volume of business for its products will be slightly higher than that achieved in 1976. Since the U.S. market has become an increasingly greater factor in this company's fortunes, the recent swing in the rate of exchange from a premium to a discount on the Canadian dollar — if sustained — will improve earnings in 1977.

In spite of Lake Ontario Cement experiencing a drop in earnings for the first time since 1970, it continues in its belief that the expansion of its cement facilities was most timely and will reflect greater profitability over the long term.

### Reiss Lime Company of Canada, Limited

Earnings again improved as demand for industrial lime in northern Ontario remained strong in 1976 and the lime plant operated at near capacity. Full production is anticipated in 1977 and additions to storage facilities are in progress. The plant, well located on the Trans-Canada highway midway between Sudbury and Sault Ste. Marie, also is served by rail and its own deep-water dock for handling bulk materials.

An objective since inception of the Reiss Lime plant, in which Denison has a 49% interest, has been to increase industrial activity in this part of northern Ontario. Arrangements with a major industrial company now are well advanced for construction of a trans-shipment facility at the Reiss Lime site and it is expected that long term arrangements will be confirmed early in 1977 and construction begun. The outlook for 1977 is for increased activity in both lime and dock operations.



Helicopter support is essential to many Denison exploration projects

## Exploration

The lengthy process of expanding exploration for uranium, undertaken two years ago, accelerated in 1976 with aggressive programs of acquisition of attractive prospects in Canada and the United States.

Denison Mines now has a large inventory of favourably located properties meriting detailed follow-up work.

**Canada** — By the end of 1976, Denison had acquired approximately 280,000 acres in claims, claim blocks and permit areas in Ontario, Manitoba, Saskatchewan, Alberta and the Northwest Territories. Almost half are located on the margin of the Athabasca sandstone basin in Saskatchewan and Alberta, the geological environment for three known high grade uranium deposits.

Major projects are under joint venture arrangements and partners include a Japanese consortium through Uranium Exploration Co., Mitsui Mining and Smelting Co., Union Carbide Canada, and Imperial Oil Limited.

Exploration on the Cree Lake property in Saskatchewan and the Old Fort River property in Alberta delineated interesting anomalous areas which will provide diamond drilling targets.

In Manitoba, 138,160 acres consisting of two permit areas and five groups of claim blocks cover radiometric and geochemical anomalies detected by Federal-Provincial uranium reconnaissance surveys. Preliminary exploration confirmed and delineated

these anomalies on the ground and, in addition, located other anomalous areas in favourable geological environments. Ground prospecting crews located radioactive boulders within some of these anomalies.

In the Northwest Territories, investigation will start in 1977 on twelve groups of claims in various areas from Great Bear Lake to Hudson's Bay.

**United States** — Denison obtained two properties with a history of past production on a small scale as part of acquisitions in Utah and Colorado. In Washington State properties have been acquired in the area of a producing uranium mine. Reconnaissance projects are underway in West Virginia and Minnesota.

## Investments

□ Black Hawk Mining Ltd. reported a loss of \$2,057,000 after an extraordinary write-down to estimated recovery value of its interest in the Blue Hill Joint Venture and the write-off of deferred expenses which are not expected to be recovered. Loss for the year before extraordinary items was \$1,131,000 compared with a loss of \$943,000 in 1975. The increase was mainly attributable to higher development costs incurred during the first quarter of 1976 in the Mammoth zone. The stockpiling of a portion of zinc concentrate production continued during the year. Under a new smelter contract negotiated late in 1976, substantial deliveries from this stockpile will be made during 1977. The economic viability of the undeveloped Carleton zone is being studied and a final report is expected by mid 1977.

□ During the year, the Company sold its 8.3% share interest in International Mogul Mines Limited.

□ The net income for Pacific Tin Consolidated Corporation for the first nine months of 1976 was \$872,000 compared with \$991,000 in the comparable 1975 period. Earnings from tin were lower in the first nine months of 1976 than in the comparable 1975 period due to increased costs which were not fully offset by increases in operating revenue.

□ At December 31, 1976, total assets of Standard Trust Company amounted to \$112,600,000, an increase of \$12,700,000 during the year. Net earnings in 1976 were \$442,000, an increase of \$40,000 over 1975.

### Subsidiary

Lake Ontario Cement Limited	53.7%
Primeau Argo Block Co. Limited	72.5% <sup>*</sup>
Rochester Portland Cement Corp.	100% <sup>*</sup>

<sup>\*</sup> Percentage held by Lake Ontario Cement Limited

### Other Investments

Pacific Tin Consolidated Corporation	36.8%
Reiss Lime Company of Canada, Limited	49.0%
Standard Trust Company	46.25%

### Exploration and Development

Argosy Mining Corporation Limited	37.1%
Black Hawk Mining Ltd.	32.5%
Consolidated Rexspar Minerals & Chemicals Limited	46.9%
Lakehead Mines Limited	38.6%
Quintette Coal Limited	38.25%
Saxon Coal Limited	50.0% <sup>*</sup>
Vespar Mines Limited	38.6%

<sup>\*</sup> On completion of sale to the Ruhrkohle Group

## **Financial Review and Analysis of Operations**

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The operating and financial history of the Company for the years 1972 to 1976 is summarized in the Five Year Summary included in this Report at page 25.

**Sales** — In 1976 sales were up by \$20,203,179 or 14% while sales increases in 1975 and 1974 were 70% and 17% respectively. An increase in reported sales of cement and cement products in 1976 of \$13,012,194 was offset in part by reduced uranium deliveries. Higher uranium deliveries accounted for the major part of the significant sales increase achieved in 1975 over 1974.

**Earnings** — After a significant increase in earnings in 1975, mainly attributable to higher uranium deliveries, net earnings in 1976 declined to \$15,043,214, a decrease of \$11,474,570 from the previous year. Major factors contributing to this decrease were reduced uranium deliveries, higher uranium production costs, substantially higher oil exploration expenditures in offshore areas and lengthy start-up problems of the new pre-heater kiln system of Lake Ontario Cement.

During 1976 unit costs at the Denison mine increased significantly because of higher wage rates, continued escalation in the cost of operating materials and services and a labour stoppage that followed the rollback by the Anti-Inflation Board of a negotiated wage settlement with our production and maintenance employees. Increasingly stringent environmental standards relating to the health, safety and working conditions of our production employees resulted in a further decline in productivity and higher operating and capital costs. In addition, greatly expanded training and recruitment programs for miners and tradesmen contributed to increased costs.

**Capital Expenditures** — Investment in plant, equipment and oil properties amounted to \$52,296,443, an increase of \$25,935,100 over the preceding year. Expenditures included completion of the expansion of production facilities at the Denison mine to 7,100 tons per day, continuation of a major housing program to provide living accommodation in Elliot Lake for additional employees and the purchase of varying interests in a number of oil and gas licences located in the North Aegean Sea and other locations.

**Taxes** — The effective corporate income and mining tax rate in 1976 was 53.1% compared with 47.0% in 1975.

**Financial Position** — Working capital decreased during 1976 by \$43,231,736 to \$91,269. Capital expenditures of \$52,296,443, long term investments of \$14,416,683, dividends to shareholders of \$9,136,442, the recovery by customers of \$8,989,577 of advances on concentrate sales contracts and other applications of funds exceeded funds generated from current operations and other sources.

In 1975, the significant increase in working capital resulted primarily from the receipt of substantial advance payments under concentrate sales contracts and increased earnings for that year.

## **Accounting Policies**

For the Year Ended December 31, 1976

The accounting policies of the Company are in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant for the Company.

**Basis of Consolidation** — The consolidated financial statements include the accounts of the Company and all subsidiaries. Investments in effectively controlled companies are accounted for by the equity method.

**Translation of Foreign Currencies** — Foreign currencies have been translated into Canadian dollars as follows: current assets and current liabilities at rates in effect at the end of the year; non-current assets and liabilities and revenue and expenditure items at approximate rates in effect at dates of transactions, except for depreciation and depletion which are translated at the same rates as the related assets.

**Inventories** — Concentrates and finished and semi-processed cement products are valued at average cost of production. Operating supplies are valued at average cost. In all material respects, inventory costs are lower than either replacement cost or net realizable value.

**Long-Term Investments** — The investment in shares of effectively controlled companies is carried at cost adjusted by the Company's share of their earnings or losses since effective control was acquired and, in the case of mining companies in the exploration stage, reduced by charges against earnings to the extent that the excess (attributable to mining properties) of the carried value of investment in these companies over the underlying net assets is considered to have declined; the treatment of exploration costs of these companies has been conformed in these consolidated financial statements to the policy followed by the Company. Other long-term investments are written down to their inherent worth when there is evidence of a permanent decline below their carried value.

**Amortization** — The excess of the Company's investment in Lake Ontario Cement Limited over its share in the underlying equity at date of acquisition is being amortized over a 25-year period.

### **Fixed Assets, Depreciation and Depletion**

— **Plant, Equipment and Housing** — These assets, including betterments to existing facilities, are carried at cost. When such assets are retired or otherwise disposed of, the cost of the assets and related accumulated depreciation are removed from the accounts, with any resultant gain or loss reflected in earnings for the year. Plant, equipment and housing of the companies are depreciated, generally on a straight-line basis, over their estimated useful lives except that (a) plant and equipment at the Company's mine properties acquired before 1965 were written off in prior years and (b) oil and gas production equipment is depreciated by the unit of production method.

— **Mineral Properties (Mining, Oil and Gas)** — A significant expansion in the scope of the Company's oil and gas operations in 1976 has required that the accounting policies relating to mineral operations be more specifically set out.

The Company accounts separately for each group of permits, licences or leases in a designated exploration or development area as a separate area of interest. All exploration and development costs relating to each area of interest are written off in the year incurred. If it is determined that an area of interest contains economically recoverable reserves, all costs relating to that area for the current and subsequent years are deferred. These deferred costs are amortized against related production revenues on the unit of production method based on the area's estimated proven reserves or written off if that property is abandoned or sold. Property acquisition costs are deferred by area of interest and written off on the same basis as exploration and development costs.

Development costs incurred for the specific purpose of preparing existing mining areas beyond current requirements are also deferred and amortized by the unit of production method.

**Income and Mining Taxes** — The Company follows the tax allocation method of accounting whereby the provision for income and mining taxes is based upon income reported in the accounts with the exception of available capital cost allowances of a predecessor company as outlined in note 4(c).

The benefits arising from the investment tax credit provisions of the Income Tax Act are treated as a reduction of the current year's income tax provision.

## Consolidated Balance Sheet

Denison Mines Limited as at December 31, 1976

<b>Assets</b>	<b>1976</b>	<b>1975</b>
<i>Current Assets</i>		
Cash and short-term deposits	\$ 1,699,201	\$ 23,752,440
Marketable securities — at market which is lower than cost	7,893,156	4,197,826
Accounts receivable	28,246,047	46,759,480
Concentrate inventories	489,651	14,152,787
Cement product inventories	3,794,898	2,445,270
Supplies and prepaid expenses	12,467,719	12,130,430
	<u>54,590,672</u>	<u>103,438,233</u>
<i>Amount Due on Settlement of Legal Action (note 9)</i>	—	900,000
<i>Long-Term Investments (note 2)</i>	36,477,210	26,764,483
<i>Fixed Assets (note 3)</i>	134,984,778	87,631,066
<i>Excess of Cost of Subsidiaries Over the Net Book Value of their Assets, Less Amortization</i>	555,513	601,803
	<u><u>\$226,608,173</u></u>	<u><u>\$219,335,585</u></u>

### Auditors' Report

To the Shareholders of Denison Mines Limited:

We have examined the consolidated balance sheet of Denison Mines Limited as at December 31, 1976 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. For Denison Mines Limited and for those other companies of which we are the auditors and which are consolidated or are accounted for by the equity method in these financial statements, our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. For other companies consolidated or accounted for by the equity method we have relied on the reports of the auditors who have examined their financial statements.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada, January 14, 1977.

COOPERS & LYBRAND,  
Chartered Accountants.

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**Liabilities**

	1976	1975
<i>Current Liabilities</i>		
Bank indebtedness (\$9,860,560 secured)	\$ 17,860,560	\$ 8,500,000
Accounts payable and accrued charges	24,643,572	19,439,620
Dividends payable	348,133	384,345
Income and mining taxes payable (note 4)	1,265,754	22,033,839
Long-term debt due within one year	1,359,384	125,424
Current portion of deferred cost reduction, before income taxes (note 9)	—	592,000
Advances on concentrate sales contracts	9,022,000	9,040,000
	<u>54,499,403</u>	<u>60,115,228</u>
<i>Advances on Concentrate Sales Contracts</i>	17,907,597	26,897,174
<i>Long-Term Debt</i> (note 5)	20,840,432	16,441,370
<i>Minority Interest in Subsidiary Companies</i>	15,046,753	13,828,577
<i>Deferred Income and Mining Taxes</i> (note 4)	21,237,480	10,883,500
	<u>129,531,665</u>	<u>128,165,849</u>

**Shareholders' Equity**

<i>Capital Stock</i>		
Authorized — 6,000,000 shares of \$1 par value each		
Issued and fully paid — 4,568,221 shares	4,568,221	4,568,221
<i>Contributed Surplus</i>	7,937,764	7,937,764
<i>Retained Earnings</i>	84,570,523	78,663,751
	<u>97,076,508</u>	<u>91,169,736</u>
	<u>\$226,608,173</u>	<u>\$219,335,585</u>

Signed on behalf of the Board

E. B. McConkey, Director

John C. Puhky, Director

## Consolidated Statement of Earnings and Retained Earnings

Denison Mines Limited for the year ended December 31, 1976

	<b>1976</b>	<b>1975</b>
<i>Gross Revenue</i>		
Minerals (uranium, yttrium, oil & gas)	\$105,213,626	\$ 98,022,641
Cement and cement products	54,845,051	41,832,857
	160,058,677	139,855,498
<i>Production, Exploration and Administration Costs</i>	124,538,362	80,660,566
	35,520,315	59,194,932
<i>Revenue from Investments (note 2 (g) )</i>	6,859,783	622,752
<i>Net Earnings Before Items Shown Below</i>	42,380,098	59,817,684
Deduct: Depreciation, depletion and amortization	6,992,737	5,299,003
Interest on long-term debt	1,699,853	1,553,513
	8,692,590	6,852,516
	33,687,508	52,965,168
<i>Income and Mining Taxes</i>	17,901,000	24,907,000
<i>Earnings before Minority Interest</i>	15,786,508	28,058,168
<i>Minority Interest</i>	743,294	1,540,384
<i>Net Earnings for the Year</i>	15,043,214	26,517,784
<i>Balance of Retained Earnings — Beginning of Year</i>	78,663,751	60,597,176
	93,706,965	87,114,960
<i>Dividends</i>	9,136,442	8,451,209
<i>Balance of Retained Earnings — End of Year</i>	<u>\$ 84,570,523</u>	<u>\$ 78,663,751</u>
 <i>Earnings per Share for the Year</i>	 <u>\$3.29</u>	 <u>\$5.80</u>

## Consolidated Statement of Changes in Financial Position

Denison Mines Limited for the year ended December 31, 1976

<i>Sources of Working Capital</i>	<b>1976</b>	<b>1975</b>
Current operations —		
Earnings for the year before minority interest	\$ 15,786,508	\$ 28,058,168
Add: Items which did not require the use of working capital in the year —		
Depreciation, depletion and amortization	6,992,737	5,299,003
Deferred income and mining taxes	10,209,000	4,892,000
Provision for decline in value of investments	327,854	2,946,141
Loss determined by the equity method after dividends and interest received	844,247	400,230
Other	(201,270)	(147,846)
Total from current operations	33,959,076	41,447,696
Net advances on concentrate sales contracts	—	19,399,181
Realization of long-term investments	2,093,796	297,601
Issue of mortgages primarily on construction and purchase of Elliot Lake housing units	4,945,736	744,750
Net effect on working capital of settlement of legal action (note 9)	900,000	308,000
Net working capital on consolidation of newly acquired subsidiary	1,442,982	—
	<u>43,341,590</u>	<u>62,197,228</u>
 <i>Uses of Working Capital</i>		
Additions to fixed assets	52,296,443	26,361,343
Reduction of advances on concentrate sales contracts	8,989,577	—
Reduction of long-term debt	1,335,515	125,424
Purchase of long-term investments	14,416,683	2,191,172
Dividends to minority shareholders of Lake Ontario Cement Limited	398,666	299,007
Dividends	9,136,442	8,451,209
	<u>86,573,326</u>	<u>37,428,155</u>
 <i>Increase (Decrease) in Working Capital</i>	<u><u>\$(43,231,736)</u></u>	<u><u>\$ 24,769,073</u></u>

# Notes to Consolidated Financial Statements

For the Year Ended December 31, 1976

## 1. Accounting Policies

The information on page 17 presents a summary of significant accounting policies and is an integral part of these financial statements.

## 2. Long-term Investments

	1976	1975
(a) This item comprises:		
Investment in companies accounted for by the equity method—		
Shares — note 2(b)	\$ 3,754,290	\$ 4,793,664
Debentures — note 2(e)	1,400,000	1,915,875
Loans	1,310,811	1,099,247
	<u>6,465,101</u>	<u>7,808,786</u>
Portfolio investments, at or below cost—		
Shares — note 2(c)	18,485,064	18,228,646
Secured loans — note 6(e)	11,527,045	727,051
	<u>30,012,109</u>	<u>18,955,697</u>
	<u>\$36,477,210</u>	<u>\$26,764,483</u>

(b) Included in shares of companies accounted for by the equity method are shares carried at \$2,773,167 with a quoted market value of \$5,622,041 (1975 — \$2,621,221 and \$2,901,469 respectively). The cost of investment in shares of companies accounted for by the equity method approximates the Company's share of the underlying net assets of these companies at dates of acquisition less amounts written off.

(c) Portfolio investments include shares carried at \$18,430,882 with a quoted market value of \$18,335,917 (1975 — \$18,056,051 and \$14,082,404 respectively).

(d) The quoted market values referred to above do not necessarily reflect the realizable value of these holdings which may be more or less than that indicated by market quotations.

(e) 6½% Black Hawk Mining Ltd. debentures due in 1974 and held by the Company have a face value of \$1,965,000 plus \$2,206,333 interest accrued from January 1, 1967. Security includes all net monies which may be received by Black Hawk from production from certain mineral properties in Maine.

Recent projections indicate that the remaining production from these properties and realization from sales of assets may not result in a cash flow to Denison Mines Limited of more than \$1,400,000 with respect to these debentures and the carried value of this investment has been reduced to this amount, by application of losses determined by the equity method and by a special write down of \$251,854.

(f) The Company has agreed to sell one-half of the shares of Saxon Coal Limited, a wholly-owned subsidiary of the Company. The aggregate price of the shares to be sold is \$13,500,000, less commission, payable at specified intervals up to and including December 15, 1978. The purchasers may elect from time to time to terminate this agreement and surrender the portion of the purchase price previously paid or they may elect to acquire not less than thirty percent of the shares of Saxon Coal Limited at a reduced aggregate price. Under the provisions of the agreement the Company is obligated to contribute to Saxon Coal Limited \$5,000,000 to enable a feasibility study to be carried out, of which \$2,000,000 was contributed by December 31, 1976 with the balance due in 1977. The obligation to pay this balance will terminate if the agreement is terminated by the purchasers as referred to above.

(g) Revenue from investments is comprised of the following:

	1976	1975
From subsidiary companies —		
Gain to date under an agreement for sale of shares of Saxon Coal Limited (note 2(f) )	\$2,300,000	\$ —
From companies accounted for by the equity method —		
Loss	(816,701)	(43,822)
Gain on sale of certain shares held in coal companies	561,826	1,045,360
Provision for decline in value (note 2(e) )	(251,854)	—
From portfolio investments —		
Dividends and interest	1,107,021	1,035,646
Gain on disposal of securities	223,525	—
Provision for decline in value	(76,000)	(2,946,141)
Income (loss) from long-term investments	3,048,717	(908,957)
Income from marketable securities and short-term deposits	3,811,066	1,531,709
	<u>\$6,859,783</u>	<u>\$ 622,752</u>

### 3. Fixed Assets

Fixed assets are comprised of the following:

	Cost at December 31, 1976	Accumulated depreciation and depletion to December 31, 1976	Amount written off in 1976
Land	\$ 2,839,108	\$ —	\$ —
Mining properties	4,244,683	830,910	99,073
Oil and gas properties	26,789,952	3,210,450	382,892
Plant and equipment	163,301,425	97,100,325	5,969,155
Employee housing	2,270,428	85,000	85,000
Construction in progress	14,839,394	—	—
	<u>214,284,990</u>	<u>101,226,685</u>	<u>6,536,120</u>
Deferred development at amortized cost	21,926,473	—	456,617
	<u>\$236,211,463</u>	<u>\$101,226,685</u>	<u>\$6,992,737</u>

Plant, equipment and housing are depreciated at annual rates which vary from 2½% to 33⅓%. Included in plant and equipment at December 31, 1976 are fully depreciated assets of \$51,833,011. Accumulated depreciation and depletion at December 31, 1975 amounted to \$91,713,563.

### 4. Income Taxes

(a) The Company has under objection federal income tax re-assessments for the years 1962 through 1972, and to 1969 for certain wholly-owned subsidiaries of the Company. A settlement proposal by the Company in 1975 has been under review throughout the year by Head Office, Appeals Branch of the Department of National Revenue. Although revised re-assessments had not been received at December 31, 1976, it is anticipated that the Company's proposed settlement will be accepted and that corresponding provincial re-assessments may be settled in a similar manner. Adequate provision for income tax liabilities and interest thereon arising from such proposed settlement has been made.

(b) Unrecorded deferred income taxes in respect of timing differences related to depreciable assets and oil and gas intangibles prior to adoption of the tax allocation method of accounting amount to \$9,336,000.

(c) The provision for income taxes otherwise required for 1976 was reduced by \$644,000 or \$0.14 per share as a result of claiming for tax purposes a portion of the excess of certain fixed asset tax values over their net book value. Such excess arose during the tax-exempt period of production from a mine of a predecessor company. Approximately \$4,944,000 of this excess remains to be claimed for tax purposes in the future.

### 5. Long-term Debt

This item comprises:	1976	1975
<i>Lake Ontario Cement Limited —</i>		
9¾% debenture due September 30, 1994	\$15,500,000	\$15,500,000
Notes and mortgages due up to 1981 at rates varying from 5% to 10%	1,095,954	322,044
<i>Other —</i>		
Elliot Lake housing mortgages at rates varying from 6% to 11¾% maturing from 1982 to 1992	5,603,862	744,750
	<u>22,199,816</u>	<u>16,566,794</u>
Repayable within one year	1,359,384	125,424
	<u>\$20,840,432</u>	<u>\$16,441,370</u>

The debenture is secured by a first mortgage on the manufacturing facility in Picton and by a floating charge on substantially all other property, plant and equipment of Lake Ontario Cement Limited. Total long-term debt repayments in 1978 are \$1,125,688, in 1979 are \$1,005,383, in 1980 are \$1,025,987 and in 1981 are \$938,011.

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## 6. Commitments and Contingencies

(a) Major projects authorized to December 31, 1976 are currently estimated to cost approximately \$80,000,000 of which \$15,000,000 has been expended.

(b) Based on the most recent actuarial evaluations, unfunded past service pension liabilities of the companies amounted to \$4,868,000 at December 31, 1976. This amount is being funded and expensed over the next fourteen years. The total charge against operations in 1976 with respect to past service liabilities amounted to \$575,000 including interest.

(c) The companies have existing lease agreements primarily for shipping facilities and real property, for which the minimum annual aggregate rentals total approximately \$1,589,000.

(d) Westinghouse Electric Corporation has commenced proceedings in the United States District Court for the Northern District of Illinois against twenty-nine defendants, including the Company and its wholly-owned subsidiary, Denison Mines (U.S.) Incorporated, claiming relief from alleged illegal combinations and conspiracies entered into by the defendants to restrain both the interstate and foreign commerce of the United States in uranium in violation of the Sherman Antitrust and Wilson Tariff Acts. The plaintiff claims an injunction and treble the damages alleged to be caused to the plaintiff, the extent, if any, of such damages not yet having been ascertained. The Company and Denison Mines (U.S.) Incorporated are of the opinion that the action is without merit as against them and intend to defend the action, to deny any illegal actions and to assert a lack of jurisdiction.

(e) Under a purchase agreement by which the Company acquired, among other interests, a 68.75% interest in an oil exploration and development area in the Sea of Thrace, the Company is required to pay to Oceanic Exploration Company ("Oceanic"), but only from production, an additional \$10,000,000 (U.S.) and Oceanic is further entitled to a 15% net earnings interest, in the above area, which is to commence when the production payment is completed. Under the purchase agreement the Company loaned to Oceanic \$10,000,000 (U.S.) for a period of five years provided that in certain circumstances the Company may demand earlier repayment and in such event if such loan, with interest, is not repaid within a stipulated period then it is converted into an oil payment due by Oceanic to the Company in an amount double the loan and accrued interest. Such oil payment will then be payable out of the production payment and net earnings interest payable by the Company to Oceanic. Certain finders' fees became payable by the Company in connection with this transaction which are payable out of future production attributable to the interests of the Company in the above area and in the Cameroon area.

(f) In December, 1976 the Canadian government announced that, despite several time extensions, it had not been able to complete nuclear safeguards agreements with a number of Canada's principal foreign uranium customers, including countries of the European Economic Community and Japan. Export permits for 1977 for uranium and other nuclear materials will not be issued for these countries pending satisfactory progress towards safeguards agreements. Japan, the Company's principal market, already has ratified the Non-Proliferation Treaty but a safeguards agreement has not been concluded. The Company is assured that every effort is being made by the Canadian government to conclude arrangements as quickly as possible and it is hoped that agreements with Japan and the other countries concerned will be concluded soon. The Company is not expected to be adversely affected.

## 7. Prices and Incomes Legislation

The companies are subject to restraint of profit margins, prices, dividends and compensation of employees under the Federal Anti-Inflation Act and Regulations.

## 8. Remuneration of Directors and Senior Officers

Direct remuneration received by the directors and senior officers in 1976 amounted to \$1,008,620 (1975 — \$945,810).

## 9. Settlement of Legal Action

The final \$900,000 instalment on a \$2.7 million settlement of a legal action is payable to Lake Ontario Cement Limited on January 15, 1977. The total proceeds, net of expenses, were allocated to 1976 and prior years. As a result, after provision for related income taxes, net earnings of Lake Ontario Cement Limited in 1976 were increased by \$325,000.

## Five Year Summary

Denison Mines Limited

### Production Data

	1976	1975	1974	1973	1972
Tons milled	1,522,000	1,340,000	1,290,000	1,432,000	1,454,000
Average grade (lbs. U <sub>3</sub> O <sub>8</sub> per ton)	2.16	2.30	2.33	2.57	2.87
Pounds U <sub>3</sub> O <sub>8</sub> produced	3,112,000	2,911,000	2,807,000	3,424,000	3,914,000
Crude oil (bbls.)	1,712,000	1,941,000	2,237,000	2,386,000	1,919,000
Natural gas (mcf)	2,100,000	2,188,000	2,236,000	2,103,000	1,773,000

### Consolidated Financial Data

Sales	\$160,058,677	\$139,855,498	\$82,216,435	\$70,354,258	\$57,725,423
Net earnings for the year	15,043,214	26,517,784	12,691,551	9,866,833	7,951,786
— per share	3.29	5.80	2.78	2.16	1.74
Dividends paid	9,136,442	8,451,209	6,395,509	6,395,509	6,264,584
— per share	2.00	1.85	1.40	1.40	1.40
Working capital (deficiency)	91,269	43,323,005	18,553,932	(5,749,851)	(2,856,699)
Additions to fixed assets	52,296,443	26,361,343	12,458,419	9,232,462	4,418,071
Shareholders' equity	97,076,508	91,169,736	73,103,161	66,807,119	63,335,660
— per share	21.25	19.96	16.00	14.62	13.86

# **Denison Mines Limited**

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## **Head Office**

4 King Street West,  
Toronto, Ontario, M5H 1C2.  
Telephone (416) 363-4991  
Telex 065-24135 (Denmines Tor)

## **Mine Office**

P.O. Box B-2600,  
Elliot Lake, Ontario P5A 2K2.  
Telephone (705) 848-2221  
Telex 067-7511 (Denmines Ellk)

## **Calgary Office**

444 - 5th Ave. S.W.,  
Suite 1500,  
Calgary, Alberta T2P 2T8.  
Telephone (403) 269-4327  
Telex 038-25739 (Denmines Clg)

## **Denison Mines (U.S.) Incorporated**

1776 Lincoln Street,  
Suite 810,  
Denver, Colorado, 80203.  
Telephone (303) 255-7053  
Telex 004-5762 (Denmines Dvr)

## **Registrar and Transfer Agent**

Guaranty Trust Company of Canada,  
Toronto, Ontario,  
Montreal, Quebec,  
Calgary, Alberta.

## **Auditors**

Coopers & Lybrand  
Toronto, Ontario.

## **Bankers**

The Royal Bank of Canada,  
Toronto, Ontario.

## **Solicitors**

Fraser & Beatty,  
Toronto, Ontario.

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**Denison Mines Limited, on or about March 21, 1977, will move to:**

Royal Bank Plaza,  
Suite 3900, South Tower,  
200 Bay Street,  
Toronto, Ontario.  
Telephone (416) 865-1991  
Telex 065-24135 (Denmines Tor)

Mailing Address:  
P.O. Box 40,  
Royal Bank Plaza,  
Toronto, Ontario,  
Canada M5J 2K2

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**The Annual Meeting of Denison Mines Limited  
will be held on February 11, 1977,  
at 11 a.m. in the Concert Hall,  
Royal York Hotel, Toronto.**



